



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: June 6, 2006

Time: 7:00 a.m.

For information regarding this Agenda please contact:

Jennifer M. Perrin
Interim City Clerk
Telephone: (209) 333-6702

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Informal Informational Meeting

A. Roll call by City Clerk

B. Topic(s)

B-1 Continued presentation of the fiscal year 2006-07 recommended draft budget (CM)

C. Comments by public on non-agenda items

D. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Jennifer M. Perrin
Interim City Clerk



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Continued Presentation of the Fiscal Year 2006-07 Recommended Draft Budget

MEETING DATE: June 6, 2006

PREPARED BY: City Manager

RECOMMENDED ACTION: No action recommended.

BACKGROUND INFORMATION: A continuation of the recommended FY 06-07 Draft Budget will be presented. Attached are major highlights that George Morrow, Electric Utility Director, will be presenting for the Electric Utility Department. Other information will also be presented at the meeting.

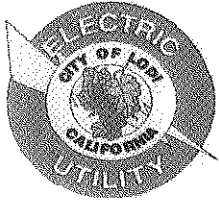
FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Blair King, City Manager


Attachment

APPROVED: _____
Blair King, City Manager



ELECTRIC UTILITY DEPARTMENT

Memorandum

TO: Blair King, City Manager
FROM: George F. Morrow, Electric Utility Director 
DATE: June 1, 2006
SUBJECT: Overview of EUD's Proposed FY07 Budget

The Electric Utility Department (EUD) has completed its input into the draft FY07 city budget. Highlights of the proposed EUD budget include:

- A positive "net income" (\$9,294) for fiscal year after operating expenses, debt service payments and the in-lieu transfer. This will result in little additional contribution to EUD's cash reserves.
- A realistic projection of sales revenue (\$65,876,175). This reflects a full year impact of the December, 2005 retail rate increase and is an increase from prior year forecasted revenue of \$58,410,329.
- Power supply (NCPA) costs of \$41,955,968 – a 5.4% decrease from the projected FY06 costs. This estimate incorporates EUD's prior acquisition of market energy to supply 95% of its projected load for the fiscal year. The principal reason for the cost reduction is the lower cost of power supply resulting from EUD's acquisition of market energy on an advance basis.
- Budgeted debt service in FY07 is \$6,266,000. This is an increase of about \$1 million over the \$5,219,013 budgeted for debt service during the current year. The increase is due to the fact that a portion of EUD's debt is sensitive to changes in interest rates.
- Inclusion of ordinary capital-type expenses related to the day-to-day construction work of the electric utility within the operating budget to be funded by retail rate revenue. (In FY06, this type of capital expense is projected to total \$1.5 million and be funded by on-hand bond proceeds.)
- EUD will begin the fiscal year with 19 vacancies from its previously authorized staffing level of 64 positions. Management will be periodically reviewing staffing levels to ensure that is able to meet its operational obligations in a safe, reliable and customer responsive manner. In addition to recommended FY07 regular staffing level, the EUD budget provides funding for seven positions (3 full-time and 4 part-time) filled by former contract employees.
- Alignment of the electric utility department into three divisions – Construction & Maintenance (headed by the existing Manager of Electric Services), Engineering & Operations and Planning & Resources. The latter two divisions will be led by individuals hired/promoted into two previously authorized manager positions proposed to be filled in FY07.

I look forward to providing a further overview at next week's City Council Shirtsleeve session. Please let me know if I can provide anything additional to you in the interim.